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Blair Township

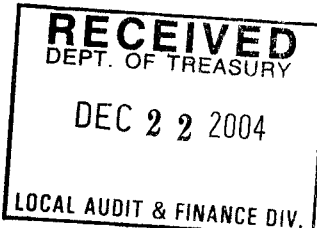
Grand Traverse County, Michigan

Audit Report

For the Year Ended June 30, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.



Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Blair Township	County Grand Traverse
Audit Date 6/30/04	Opinion Date 11/11/04	Date Accountant Report Submitted to State: 12/20/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) TOBIN & CO., P.C.			
400 E. EIGHTH ST.			
TRAVERSE CITY, MI 49686-2668			
Street Address 231-947-0151		City	State ZIP
Accountant Signature David L. Garba		Date 12-20-04	

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INTRODUCTORY SECTION

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Comments and Recommendations

We have audited the basic financial statements and the individual fund financial statements of Blair Township, Grand Traverse County, for the year ended June 30, 2004 and have issued our report thereon. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Our study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal control of Blair Township taken as a whole. As a result of our examination, we respectfully submit the following comments and recommendations.

General

Your present Clerk, Treasurer and Deputies maintain receipts journals, disbursements journals, general ledgers and account books prescribed in the Uniform Accounting Procedures developed by the State Department of Treasury. Except for some shortcomings, the records were well maintained. In a separate management letter, we have addressed these shortcomings and suggested measures which, if adopted, will improve the accounting procedures and records. Both the noted shortcomings and suggested measures have been discussed with the appropriate officials and, in some instances, these suggestions have already been implemented or have begun to be implemented. Comments and recommendations regarding items other than the accounting procedures and records themselves are as follows:

Budgets and Procedures

The Township prepared and adopted budgets for its General and Special Revenue Funds. Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. As noted in the "Notes to the Financial Statements", two cost centers exceeded their expenditure budgets without formal amendment by the Township Board.

General Fund

The General Fund is presented on Schedule 1 of this report. The fund balance at June 30, 2004 was \$507,846.

Fire and Police Fund

This fund, presented on Schedule 2, was established to account for a special levy of 2.3062 mils for fire and police protection. The fund balance at June 30, 2004 was \$150,408 of which \$4,468 was restricted.

Ambulance Fund

This fund, presented on Schedule 3, is used to account for the special voted tax of 1.3804 mils for ambulance service, for fees received for ambulance runs and other income earmarked for this fund. Revenues for the audit year totaled \$481,940 and expenditures were \$493,339. The fund balance at June 30, 2004 was \$235,001 of which \$51,061 was restricted.

Liquor Law Enforcement Fund

This fund, presented on Schedule 4, is used to account for liquor license fees refunded by the State of Michigan and a transfer from the general fund. Such fees may be used only for enforcement of the State liquor laws. The fund balance at June 30, 2004 was \$926.

Property Tax Collections

The collection and distribution of the 2003 tax levy was handled in an excellent manner by the Township Treasurer. Paid receipts were filed in order of payment and supported by computer printouts. Deposits were made timely and intact. Distributions to taxing units during the collection period were in accordance with statutory requirements. The Treasurer's efforts in this important function are commendable.

See Schedule 6 for a summary of the 2003 tax levy and collections.

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Comments and Recommendations

Pension Plan

We noted that the Township has a pension plan for its elected officials and full-time employees through Municipal Retirement Systems, Inc. The Township pays 100% of the cost. The Board has amended its §218 Social Security agreement to include those covered by the pension plan.

Payroll Procedures

Payroll records were maintained in excellent order. Payroll tax returns and year-end reports were filed timely as required.

Insurance and Surety Bond Coverage

Records reflect that the Township is insured through Municipal Underwriters of Michigan and has such coverage as fire and extended coverage, general liability, errors and omissions, auto liability, workmen's compensation, equipment and crime coverage. Board minutes indicate that coverage was reviewed during the audit year. The Supervisor, Clerk, Treasurer, and their deputies have specific surety bond coverage, along with a general surety bond covering all other employees.

Accounts Receivable

We noted that accounts receivable, covering charges for ambulance runs, are being maintained on a current basis by a contractual billing service. Billings are made each month, followed by a second and a final billing for uncollected accounts. Court action is taken on accounts of more than 90 days.

Other Data

We are pleased to note the use of an interest bearing depository accounts, and the purchase of certificates of deposit and other investment practices which resulted in earned interest of \$18,588 during the audit year. This is commendable on the part of the Treasurer and other Board members.

After completion of our audit, we will mail the necessary copies of our report to the State Department of Treasury.

We again commend the Clerk and Treasurer for the condition of the Township accounting records. We further appreciate the courtesy extended our field examiners in the conduct of this audit.

Your confidence is respected. Please contact us if questions arise or assistance is needed.

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FINANCIAL SECTION

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REPORT OF INDEPENDENT AUDITOR

To the Township Board
Blair Township
Grand Traverse County
Grawn, Michigan 49637

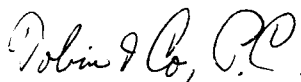
We have audited the basic financial statements of Blair Township as of and for the year ended June 30, 2004, as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly in all material respects, the financial position of such funds of Blair Township at June 30, 2004, and the results of operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Table of Contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements of Blair Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



TOBIN & CO., P.C.
Certified Public Accountants
November 11, 2004

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BLAIR TOWNSHIP MANAGEMENT DISCUSSION AND ANALYSIS

As the Township Board of the Blair Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of Blair Township for the fiscal year ended June 30, 2004.

Financial Highlights

The assets of Blair Township exceeded its liabilities at the close of the most recent fiscal year by \$5,555,886 (net assets). Of this amount, \$3,943,889 (unrestricted net assets) may be used to meet the Township's ongoing obligations to citizens and creditors.

At the close of the current fiscal year, Township's governmental funds reported combined ending fund balances of \$894,181 (an increase of \$83,881 in comparison with the prior year). Approximately 94% of the total amount, \$838,632 is available for spending at the Township's discretion (unreserved fund balance).

At the end of the current fiscal year, unreserved fund balance for the general fund was \$507,846, or 71% of the total general fund expenditures.

The Township's total debt was \$6,466,812 at the end of the current fiscal year.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the Blair Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The **statement of net assets** presents information on all of the Township's assets and liabilities, with the difference between the two reported as **net assets**. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The **statement of activities** presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (**business-type activities**). The governmental activities of the Township include general government, public safety, road projects, and recreation. The business-type activities of the Township include the water system.

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Blair Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds:

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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Blair Township maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire, Police and Ambulance, which are considered to be major funds. Data from the other governmental fund is presented in a single column. Individual fund data for this non-major governmental fund is provided in the form of statement elsewhere in this report.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and other major funds to demonstrate compliance with this budget.

Proprietary Funds – Blair Township maintains a single proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses enterprise fund to account for its water activity.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 20 of this report.

Notes to the Financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 through 27 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found on pages 29 through 35 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve, over time, as a useful indicator of a government's financial position. In the case of Blair Township, assets exceeded liabilities by \$5,555,886 at the close of the most recent fiscal year.

22% of the Township's net assets (\$1,225,662) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Township used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Blair Township Net Assets

	Governmental Activities 2004	Business Activities 2004	Total 2004
Current and Other Assets	\$ 991,805	\$ 3,517,040	\$ 4,508,845
Capital Assets	680,232	6,833,621	7,513,853
Total Assets	1,672,037	10,350,661	12,022,698
Long-term Liabilities	62,422	6,307,709	6,370,131
Other Liabilities	39,040	57,641	96,681
Total Liabilities	101,462	6,365,350	6,466,812
Net Assets:			
Invested in Capital Assets, Net of Related Debt	650,964	574,698	1,225,662
Restricted	386,335	-	386,335
Unrestricted	533,276	3,410,613	3,943,889
Total Net Assets	\$ 1,570,575	\$ 3,985,311	\$ 5,555,886

7% of the Township's net assets (\$386,335) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$3,943,889) may be used to meet the Township's ongoing obligations to citizens and creditors.

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At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year. The Township's net assets increased by \$138,901 during the current fiscal year as discussed below.

Governmental Activities – Governmental activities increased the Township's net assets by \$59,804 accounting for 43% of the total growth in the net assets of the Township.

Business-type Activities – Business-type activities increased the Township's net assets by \$79,097 accounting for 57% of the total growth in the Township's net assets.

	Governmental Activities 2004	Business Activities 2004	Total 2004
Program Revenues:			
Charges for Services	\$ 365,444	\$ 601,940	\$ 967,384
Operating Grants and Contributions	30,539	-	30,539
General Revenues:			
Property Taxes	693,781	-	693,781
State Shared Revenues	497,048	-	497,048
Unrestricted Investment Earnings	11,507	12,912	24,419
Miscellaneous	14,263	-	14,263
Total Revenues	1,612,582	614,852	2,227,434
Program Expenses:			
Legislative	198,908	-	198,908
General Government	357,105	-	357,105
Public Safety	955,272	-	955,272
Public Works	20,474	535,755	556,229
Recreation and Cultural	17,633	-	17,633
Interest on Long-term Debt	3,386	-	3,386
Total Expenses	1,552,778	535,755	2,088,533
Change in Net Assets	\$ 59,804	\$ 79,097	\$ 138,901

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Financial Analysis of the Township's Funds

As noted earlier, the Township used fund accounting to ensure and demonstrate compliance with finance-related legal requirement.

Governmental Funds – The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a Township's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$894,181, an increase of \$83,881 in comparison with the prior year. 94% of this total amount (\$838,652) constitutes unreserved fund balance, which is available for spending at the Township's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed.

General Fund Budgetary Highlights – Differences between the original budget and the final amended budget were \$16,789 (an increase in appropriations).

Capital Asset and Debt Administration

Capital Assets – The Township's investment in capital assets for its governmental and business-type activities as of June 30, 2004 amounts to \$7,513,853 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and system, improvements, machinery and equipment, park facilities, etc.

Details of the Township's capital assets are continued in the notes to the financial statements on page 24.

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Economic Factors and Next Year's Budgets and Rates

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means further reductions in state-shared revenues. State-shared revenues are expected to decrease in the 2004-2005 fiscal year. The Township budgeted for a decrease in state-shared revenue, but additional cuts have already been made and more cuts are expected before the end of the fiscal year. The Township's Millage rate was reduced again by the Headlee Amendment rollback to .8736 mils for general operating purposes. These factors were considered in preparing the Township's budget for the 2004-2005 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased to \$507,846. The Township has presented a deficit budget in the 2004-2005 fiscal year budget. The deficit will use fund balance which is carried over from previous years.

Requests for Information

This financial report is designed to provide a general overview of Blair Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Supervisor, Blair Township, 2121 County Road 633, Grawn, MI 49637. Phone (231) 276-9263.

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Blair Township Statement of Net Assets June 30, 2004

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and Cash Equivalents			
Investments	\$ 818,239	\$ 1,109,947	\$ 1,928,186
Accounts Receivable	-	298,731	298,731
Allowance for Uncollectible Accounts	101,756	40,669	142,425
Special Assessments Receivable	(26,000)	-	(26,000)
Prepaid Expenses	37,349	2,018,907	2,056,256
Capital Assets:	27,307	-	27,307
Land			
Other Capital Assets, Net of Depreciation	105,748	-	105,748
Intangible Assets, Net of Amortization	574,484	6,833,621	7,408,105
	<u>33,154</u>	<u>48,786</u>	<u>81,940</u>
Total Assets	<u>1,672,037</u>	<u>10,350,661</u>	<u>12,022,698</u>
<u>Liabilities</u>			
Accounts Payable and Accrued Expenses			
Long-term Liabilities:	39,040	57,641	96,681
Due Within One Year			
Due in More Than One Year	19,967	178,333	198,300
	<u>42,455</u>	<u>6,129,376</u>	<u>6,171,831</u>
Total Liabilities	<u>101,462</u>	<u>6,365,350</u>	<u>6,466,812</u>
<u>Net Assets</u>			
Invested in Capital Assets and Intangible Assets, Net of Related Debt			
Restricted for:	650,964	574,698	1,225,662
Fire and Police Protection			
Ambulance Service	150,408	-	150,408
Liquor Inspections	235,001	-	235,001
Unrestricted	926	-	926
	<u>533,276</u>	<u>3,410,613</u>	<u>3,943,889</u>
Total Net Assets	<u>\$ 1,570,575</u>	<u>\$ 3,985,311</u>	<u>\$ 5,555,886</u>

See Accompanying Notes to Basic Financial Statements

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Blair Township Statement of Activities June 30, 2004

Functions/Programs	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities:						
Legislative	\$ 198,908	\$ -	\$ -	\$ (198,908)	\$ -	\$ (198,908)
General Government	357,105	70,267	-	(286,838)	-	(286,838)
Public Safety	955,272	295,177	2,439	(657,656)	-	(657,656)
Public Works	20,474	-	28,100	7,626	-	7,626
Recreation and Cultural	17,633	-	-	(17,633)	-	(17,633)
Interest on Long-term Debt	<u>3,386</u>	<u>-</u>	<u>-</u>	<u>(3,386)</u>	<u>-</u>	<u>(3,386)</u>
Total Governmental Activities	<u>1,552,778</u>	<u>365,444</u>	<u>30,539</u>	<u>(1,156,795)</u>	<u>-</u>	<u>(1,156,795)</u>
Business-type Activities:						
Water	<u>535,755</u>	<u>601,940</u>	<u>-</u>	<u>-</u>	<u>66,185</u>	<u>66,185</u>
General Revenues:						
Property Taxes				693,781	-	693,781
Grants and Contributions Not Restricted To Specific Programs				497,048	-	497,048
Unrestricted Investment Earnings				11,507	12,912	24,419
Miscellaneous				<u>14,263</u>	<u>-</u>	<u>14,263</u>
Total General Revenues				1,216,599	12,912	1,229,511
Change in Net Assets				59,804	79,097	138,901
Net Assets - Beginning				<u>1,510,771</u>	<u>3,906,214</u>	<u>5,416,985</u>
Net Assets - Ending				<u>\$ 1,570,575</u>	<u>\$ 3,985,311</u>	<u>\$ 5,555,886</u>

See Accompanying Notes to Basic Financial Statements

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Blair Township Balance Sheet Governmental Funds June 30, 2004

<u>Assets</u>	<u>General</u>	<u>Fire and Police</u>	<u>Ambulance</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$ 467,854	\$ 159,905	\$ 180,484	\$ 4,165	\$ 812,408
Accounts Receivable, Net	24,939	-	50,817	-	75,756
Due from Other Funds	12,892	-	5,675	-	18,567
Prepaid Expenses	<u>3,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,275</u>
Total Assets	<u>\$ 508,960</u>	<u>\$ 159,905</u>	<u>\$ 236,976</u>	<u>\$ 4,165</u>	<u>\$ 910,006</u>
<u>Liabilities and Fund Balances</u>					
<u>Liabilities:</u>					
Accounts Payable and Accrued Expenses	\$ 1,114	\$ -	\$ 1,975	\$ -	\$ 3,089
Due to Other Funds	<u>-</u>	<u>9,497</u>	<u>-</u>	<u>3,239</u>	<u>12,736</u>
Total Liabilities	<u>1,114</u>	<u>9,497</u>	<u>1,975</u>	<u>3,239</u>	<u>15,825</u>
<u>Fund Balances:</u>					
Restricted for:					
Membership Incentive	-	4,468	-	-	4,468
Ambulance Replacement	-	-	51,061	-	51,061
Unrestricted	<u>507,846</u>	<u>145,940</u>	<u>183,940</u>	<u>926</u>	<u>838,652</u>
Total Fund Balances	<u>507,846</u>	<u>150,408</u>	<u>235,001</u>	<u>926</u>	894,181
Total Liabilities and Fund Balances	<u>\$ 508,960</u>	<u>\$ 159,905</u>	<u>\$ 236,976</u>	<u>\$ 4,165</u>	
Amounts reported for governmental activities on the statement of net assets are different because:					
Capital and intangible assets used in governmental activities are not financial resources and therefore are not reported in the funds.					713,386
Some prepaid assets used in governmental activities are not financial resources and therefore are not reported in the funds.					24,032
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.					37,349
Some liabilities, including notes payable and certain accrued expenses, are not due and payable in the current period and therefore are not reported in the funds.					<u>(98,373)</u>
Net assets of governmental activities.					<u>\$ 1,570,575</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Blair Township
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2004

	<u>General</u>	<u>Fire and Police</u>	<u>Ambulance</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>					
Taxes	\$ 185,236	\$ 345,608	\$ 206,691	\$ -	\$ 737,535
Licenses and Permits	66,909	-	-	-	66,909
State Grants	506,140	-	-	2,439	508,579
Charges for Services	19,037	5,165	269,093	-	293,295
Interest and Rents	10,797	4,797	1,153	-	16,747
Other	5,305	3,955	5,003	-	14,263
Total	<u>793,424</u>	<u>359,525</u>	<u>481,940</u>	<u>2,439</u>	<u>1,637,328</u>
<u>Expenditures</u>					
Legislative	198,908	-	-	-	198,908
General Government	330,910	-	-	-	330,910
Public Safety	105,303	341,908	453,283	5,821	906,315
Public Works	53,628	-	-	-	53,628
Recreation and Cultural	11,917	-	-	-	11,917
Debt Service	-	-	22,557	-	22,557
Capital Outlay	9,047	2,666	17,499	-	29,212
Total	<u>709,713</u>	<u>344,574</u>	<u>493,339</u>	<u>5,821</u>	<u>1,553,447</u>
Excess Revenues (Expenditures) and Net Change in Fund Balances	<u>83,711</u>	<u>14,951</u>	<u>(11,399)</u>	<u>(3,382)</u>	<u>83,881</u>
<u>Other Financing Sources (Uses)</u>					
Operating Transfers In	-	-	-	3,000	3,000
Operating Transfers Out	(3,000)	-	-	-	(3,000)
Total	<u>(3,000)</u>	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>-</u>
Excess Revenues (Expenditures) and Other Financing Sources (Uses)	<u>80,711</u>	<u>14,951</u>	<u>(11,399)</u>	<u>(382)</u>	<u>83,881</u>
Fund Balance – Beginning of Year	<u>427,135</u>	<u>135,457</u>	<u>246,400</u>	<u>1,308</u>	<u>810,300</u>
Fund Balance – End of Year	<u>\$ 507,846</u>	<u>\$ 150,408</u>	<u>\$ 235,001</u>	<u>\$ 926</u>	<u>\$ 894,181</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Blair Township
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
Of Governmental Activities
For the Year Ended June 30, 2004

Net change in fund balances – total governmental funds	\$ 83,881
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(25,057)
Revenues in the governmental funds that provide current financial resources are not reported as revenues in the statement of activities	(24,746)
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayment during the period.	19,171
Some expenditures reported in the governmental funds that require the use of current financial resources are not reported as expenses in the statement of activities.	<u>6,555</u>
Changes in net assets of governmental activities	<u>\$ 59,804</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Blair Township
Statement of Net Assets
Enterprise Water Fund
June 30, 2004

Assets

Cash and Cash Equivalents	
Investments	\$ 1,109,947
Accounts Receivable	298,731
Special Assessments Receivable	40,669
Capital Assets:	2,018,907
Other Capital Assets, Net of Depreciation	
Intangible Assets, Net of Amortization	6,833,621
	<u>48,786</u>
Total Assets	<u>10,350,661</u>

Liabilities

Accounts Payable and Accrued Expenses	
Long-term Liabilities:	57,641
Due Within One Year	
Due in More Than One Year	178,333
	<u>6,129,376</u>
Total Liabilities	<u>6,365,350</u>

Net Assets

Invested in Capital and Intangible Assets, Net of Related Debt	
Unrestricted	574,698
	<u>3,410,613</u>
Total Net Assets	<u>\$ 3,985,311</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Blair Township
Statement of Revenues, Expenses and Changes in Net Assets
Enterprise Water Fund
For the Year Ended June 30, 2004

<u>Operating Revenues</u>	
Usage and Connection Fees	\$ 441,664
Interest and Penalties on Special Assessments	130,276
Tower Rental	<u>30,000</u>
Total	<u>601,940</u>
<u>Operating Expenses</u>	
Salaries and Wages	11,157
Social Security and Medicare	854
Postage	2,266
Supplies	2,529
Insurance	8,657
Utilities	21,631
Maintenance and Repairs	107,975
Miscellaneous	2,221
Depreciation	153,499
Amortization	2,568
Debt Service:	
Interest	310,353
Fees	<u>350</u>
Total	<u>624,060</u>
Operating Income (Loss)	<u>(22,120)</u>
<u>Non-operating Income</u>	
Interest	<u>12,912</u>
Total	<u>12,912</u>
Net Income (Loss) Before Transfers to Contributions	(9,208)
Depreciation Transferred to Contributions	<u>88,305</u>
Change in Net Assets	79,097
Net Assets – Beginning of Year	<u>3,906,214</u>
Net Assets – End of Year	<u>\$ 3,985,311</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Blair Township
Statement of Cash Flows
Enterprise Water Fund
For the Year Ended June 30, 2004

Operating Activities

Collection of Usage and Connection Fees	\$ 416,653
Collection of Special Assessments	149,842
Collection of Interest	12,912
Collection of Tower Rent	30,000
Deduct Expenses Using Cash and Cash Equivalents	<u>(468,228)</u>
Net Cash Flow From Operating Activities	<u>141,179</u>

Investing Activities

Purchase of Investments	<u>(298,731)</u>
Net Cash Flow (Used In) Investing Activities	<u>(298,731)</u>

Capital Financing Activities

Collection of Special Assessments	295,135
Collection of Due from Other Funds	25,000
Acquisition of Sewer System Assets	(12,409)
Principal Payment on Bonds	(100,000)
Principal Payments on Installment Contract	<u>(53,333)</u>
Net Cash Flow From Capital Financing Activities	<u>154,393</u>

Net (Decrease) in Cash (3,159)

Balance of Cash – Beginning of Year 1,113,106

Balance of Cash – End of Year \$ 1,109,947

Reconciliation of Net (Loss) and Net Cash Flow From Operating Activities

Net (Loss)	\$ (9,208)
Adjustments to Reconcile Net Earnings:	
(Increase) in Receivables	(5,445)
(Decrease) in Accrued Interest on Bonds	(735)
Depreciation of Water System	153,499
Amortization of Bond Acquisition Costs	2,568
Amortization of Discount on Bonds Payable	<u>500</u>
Net Cash Flow from Operating Activities	<u>\$ 141,179</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Blair Township Statement of Fiduciary Net Assets June 30, 2004

Assets

Cash

\$ 5,296

Total Assets

5,296

Liabilities

Escrow Deposits

5,296

Total Liabilities

5,296

Net Assets

\$ -

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Blair Township Notes to Financial Statements June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Blair Township is a general law township located in Grand Traverse County. Population as of the 2000 census was 6,448, and the current taxable valuation for taxable property is \$150,105,991.

The Township's basic financial statements include the accounts of all Township operations. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "*The Financial Reporting Entity*" includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

B. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Township. The effect of interfund activity, within the governmental activities column, has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Township has presented the following governmental funds:

General Fund – This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions or grants, and other intergovernmental revenues.

Special Revenue Funds – These funds are used to account for specific governmental revenues (other than expendable trusts and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Proprietary Funds – These funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets and liabilities are included in the statement of net assets.

Fiduciary Funds

These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Tobin & Co.

Blair Township
Notes to Financial Statements
June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund and agency fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenue susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

D. Budgets

The General Fund and Special Revenue Funds are under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

In the body of the financial statements and the required supplementary schedules, the Township's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the activity or cost center level.

For budgetary purposes appropriations lapse at fiscal year end.

E. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns or business-type activities in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest is capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$5,000 or \$1,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	40 years
Building Improvements	25 years
Land Improvements	20 years
Furniture and Fixtures	10 years
Vehicles	10 years
Equipment	5 years

Tobin & Co.

Blair Township
Notes to Financial Statements
June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments with a remaining maturity of three months or less when purchased to be cash equivalents.

G. Investments

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

H. Prepaid Items

Prepaid balances are for payments made by the Township in the current year to provide services accruing in subsequent fiscal years.

I. Property Tax Procedures and Collections

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and/or December 1. Real property taxes are collected by the Township Treasurer through February 28 of each year. As of March 1, uncollected real property taxes are returned delinquent to, and collected by, the County Treasurer. Personal property taxes remain the responsibility of the Township Treasurer to collect. It is the policy of the Township to record the real property taxes in the year of levy.

During the collection period prior to March 1, the Township Treasurer makes distribution of the property tax collections to the various taxing units (County, School District, etc.) as required by statute.

For the fiscal year the Township levied property taxes as follows:

	<u>SEV</u>	<u>Taxable Value</u>	<u>Millage Rate</u>
General Operating	\$201,993,106	\$150,105,991	.8843
Fire and Police	\$201,993,106	\$150,105,991	2.3062
Emergency Service	\$201,993,106	\$150,105,991	1.3804

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. We noted no violations of legal provisions and/or contractual provisions of various agreements related to financial matters.
- B. All funds had positive fund balances at June 30, 2004.
- C. Public Act 621 of 1978, §18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. For the year ended June 30, 2004, one cost center of the General Fund and the Liquor Law Enforcement Fund exceeded their appropriation without formal budget amendment.

General Fund:		
Street Lighting	\$	2,612
Liquor Law Enforcement Fund	\$	1,010

Tobin & Co.

Blair Township
Notes to Financial Statements
June 30, 2004

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Legal Provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- (1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- (2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).
- (3) In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
- (4) Repurchase agreements consisting of instruments defined in (1) above.
- (5) In bankers' acceptances of United States Banks.
- (6) Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (7) In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

B. Types of Deposits and Investments

The Township had \$1,956,217 deposited with local financial institutions at June 30, 2004 with a carrying value of \$1,932,291. Interpreting the FDIC insurance coverage of \$100,000 of demand deposits and \$100,000 of time deposits per financial institution, the Township had \$1,276,091 of uninsured deposits at June 30, 2004. In addition, the Township had \$1,191 on deposit through Grand Traverse County. The insured status of these deposits is unknown. Investments at June 30, 2004 consisted of \$298,731 of commercial paper held by a local financial institution and fully insured.

NOTE 4 - CAPITAL/INTANGIBLE ASSETS

	<u>6/30/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/04</u>
Governmental Activities:				
Land and Improvements	\$ 233,105	\$ -	\$ -	\$ 233,105
Buildings and Improvements	495,235	-	-	495,235
Vehicles and Equipment	<u>603,029</u>	<u>12,611</u>	-	<u>615,640</u>
Total	1,331,369	12,611	-	1,343,980
Less Accumulated Depreciation	<u>(591,427)</u>	<u>(72,320)</u>	-	<u>(663,747)</u>
Governmental Activities Assets, Net	<u>\$ 739,942</u>	<u>\$ (59,709)</u>	<u>\$ -</u>	<u>\$ 680,233</u>
Business-type Activities:				
Water System	\$ 7,480,934	\$ 12,410	\$ -	\$ 7,493,344
Equipment	<u>30,768</u>	-	-	<u>30,768</u>
Total	7,511,702	12,410	-	7,524,112
Less Accumulated Depreciation	<u>(536,993)</u>	<u>(153,498)</u>	-	<u>(690,491)</u>
Business-type Activities Capital Assets, Net	<u>\$ 6,974,709</u>	<u>\$ (141,088)</u>	<u>\$ -</u>	<u>\$ 6,833,621</u>

Tobin & Co.

Blair Township Notes to Financial Statements June 30, 2004

NOTE 4 - CAPITAL/INTANGIBLE ASSETS (Continued)

Intangible assets at June 30, 2004 consisted of major improvements to roads owned and maintained by Grand Traverse County: Nimrod Road cost \$34,004 less accumulated amortization of \$850.

NOTE 5 - LONG-TERM DEBT

On July 1, 1998 Grand Traverse County issued \$6,550,000 of Water System Improvements Project Bonds at interest rates ranging from 4.75 % to 5.2% with principal payments due November 1 and interest payments due May 1 and November 1. The proceeds were used to construct a water system in Blair Township.

A \$480,000 non-interest bearing installment purchase agreement dated July 21, 1998 was entered into with Cherryland Rural Electrical Cooperative. Monthly principal only payments of \$4,444 began August 1, 1999. The proceeds were used to construct a water system for Blair Township.

On January 14, 2003, the Township entered into an installment lease purchase agreement for the purchase of a new ambulance. Interest and principal payments are due January 14 with interest at 4.15%.

Changes in long-term debt are scheduled below:

	Balance 6/30/03	Additions	Retirements	Balance 6/30/04
Water System Improvement Project Bonds	\$ 6,225,000	\$ -	\$ 100,000	\$ 6,125,000
Rural Electrical Cooperative Installment Note	266,667	-	53,333	213,334
Ambulance Installment Note	81,593	-	19,171	62,422
Total	6,573,260	-	172,504	6,400,756
Less Discounts	(31,125)	-	(500)	(30,625)
	<u>\$ 6,542,135</u>	<u>\$ -</u>	<u>\$ 172,004</u>	<u>\$ 6,370,131</u>

Debt services requirements to maturity:

	1998 Water System Improvements Project Bonds		Installment Contracts Payable		
	Principal	Interest	Water System Improvements Principal	Ambulance Principal	Interest
2004	\$ 125,000	\$ 308,213	\$ 26,666	\$ 19,967	\$ 2,590
2005	150,000	302,275	53,333	20,796	1,762
2006	175,000	295,150	53,333	21,659	899
2007	175,000	286,837	53,333		
2008	225,000	278,525	26,669		
2009	225,000	267,838			
2010	300,000	257,150			
2011	300,000	242,750			
2012	325,000	228,350			
2013	325,000	212,425			
2014	350,000	196,175			
2015	350,000	178,500			
2016	350,000	160,650			
2017	350,000	142,625			
2018	400,000	124,600			
2019	400,000	104,000			
2020	400,000	83,200			
2021	400,000	62,400			
2022	400,000	41,600			
2023	400,000	20,800			
	<u>\$ 6,125,000</u>	<u>\$ 3,794,063</u>	<u>\$ 213,334</u>	<u>\$ 62,422</u>	<u>\$ 5,251</u>

Tobin & Co.

Blair Township
Notes to Financial Statements
June 30, 2004

NOTE 6 - LOANS AND TRANSFERS BETWEEN FUNDS

Records reflect a transfer of \$3,000 from the General Fund to the Liquor Law Enforcement Fund for the year ended June 30, 2004.

NOTE 7 - INVENTORIES

Blair Township does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expenses when purchased.

NOTE 8 - PENSION PLAN

The Blair Township Pension Plan is a defined contribution pension plan administered by Municipal Retirement Systems, Inc. By Board resolution, the Township pays the entire cost of the plan, based on 11% of the total of participants' prior year forms W-2.

The plan covers all elected officials, deputies, and all full-time employees.

Contributions are 100% vested to the employee after 20 months of service.

The plan is administered by the Township Clerk.

During the year of audit, the total contribution for the plan year, February 1, 2003 to January 31, 2004 was \$62,645. Covered payroll for the year was \$569,500 with total payroll for all employees \$695,558. The plan was funded at the required amount.

NOTE 9 - DEFERRED COMPENSATION PLAN

Blair Township offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan is administered by the Township Clerk and is available to all full-time employees. The plan allows employees to defer a portion of their salary until a future date. It becomes available to the employee at death, termination, retirement or disability.

NOTE 10- ACCOUNTS RECEIVABLE

Accounts receivable of \$24,940 in the General Fund represents cable franchise fees of the audit year collected after July 1, 2004. \$76,816 in the Ambulance Fund represents amounts due from individuals for ambulance service. \$40,669 in the Water Fund represents unpaid water bills.

NOTE 11- CONTINGENT LIABILITIES

The Township is aware of no contingent liabilities at June 30, 2004.

NOTE 12- SUBSEQUENT EVENTS/COMMITMENTS

On May 4, 2004 the Township entered into a contract for construction of a water well in the amount of \$102,704. As of June 30, 2004 construction had not yet begun.

NOTE 13- COMPENSATED ABSENCES

Full-time Township employees (scheduled to work a minimum of 24 hours per week) earn non-cumulative vacation leave based upon average hours per work week and years of service. They also earn sick leave at ½ day per month, not to exceed twelve days at any given point in time. Salaried employees are paid for all sick days with no accrual of days.

NOTE 14- RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the audit year the Township addressed these risks through the purchase of commercial insurance through Municipal Underwriters of Michigan. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

Tobin & Co.

Blair Township
Notes to Financial Statements
June 30, 2004

NOTE 15- SEGMENT INFORMATION – ENTERPRISE FUND

The Township maintains an enterprise fund which provides water services. Segment information for the year ended June 30, 2004 was as follows:

Operating Revenues	\$ 601,940
Depreciation and Amortization Expense	156,067
Operating (loss)	(22,120)
Net (loss)	(9,208)
Net Working Capital	1,328,133
Total Assets	10,350,661
Bonds and Other Long-Term Liabilities:	
Payable from Operating Revenues	6,307,709
Total Equity	3,985,311

SUPPLEMENTAL DATA SECTION

Tobin & Co.

Blair Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2004

Schedule I
Page 1

Revenues	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Taxes:				
Property Taxes	\$ 130,000	\$ 130,000	\$ 138,481	\$ 8,481
Swamp Tax	2,100	2,100	2,165	65
Trailer Park Fees	900	900	836	(64)
Special Assessments – Roads and Lights	27,500	27,500	43,754	16,254
Licenses and Permits:				
Permits	14,000	14,000	16,919	2,919
Cable TV Franchise Fees	43,000	43,000	49,990	6,990
State Grants:				
State Shared Revenues	575,000	575,000	497,048	(77,952)
Metro Act	-	-	9,092	9,092
Charges for Services:				
Tax Collection Fees	11,000	11,000	13,387	2,387
Other	1,200	1,200	5,650	4,450
Interest and Rents:				
Interest	6,500	6,500	9,557	3,057
Rent	-	-	1,240	1,240
Other:				
Refunds and Reimbursements	3,000	3,000	5,305	2,305
Sale of General Fixed Assets	500	500	-	(500)
Total Revenues	814,700	814,700	793,424	(21,276)
Expenditures				
Legislative:				
Township Board:				
Salaries and Wages	-	-	16,594	-
Fringe Benefits	-	-	6,777	-
Supplies and postage	-	-	7,295	-
Professional Services	-	-	2,710	-
Other Contracted Services	-	-	57,841	-
Dues	-	-	3,228	-
Other	-	-	2,945	-
Printing and Advertising	-	-	2,216	-
Insurance	-	-	99,302	-
Total	253,629	253,629	198,908	54,721
Total Legislative	253,629	253,629	198,908	54,721

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blair Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2004

Schedule 1
Page 2

<u>Expenditures (Continued)</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
General Government:				
Township Supervisor:				
Salaries and Wages	-	-	40,541	-
Fringe Benefits	-	-	7,667	-
Supplies	-	-	36	-
Mileage and Travel	-	-	423	-
Education and Training	-	-	368	-
Total	<u>50,001</u>	<u>50,001</u>	<u>49,035</u>	<u>966</u>
Elections:				
Salaries and Wages	-	-	1,571	-
Supplies and Postage	-	-	2,620	-
Other Services	-	-	400	-
Publishing	-	-	40	-
Maintenance and Repairs	-	-	697	-
Total	<u>16,411</u>	<u>16,411</u>	<u>5,328</u>	<u>11,083</u>
Assessor:				
Salaries and Wages	-	-	39,961	-
Salaries and Wages - Clerical	-	-	14,373	-
Fringe Benefits	-	-	10,716	-
Supplies and Postage	-	-	2,297	-
Other Services	-	-	1,235	-
Dues	-	-	50	-
Total	<u>70,751</u>	<u>70,751</u>	<u>68,632</u>	<u>2,119</u>
Clerk:				
Salaries and Wages	-	-	39,382	-
Salaries and Wages - Deputy	-	-	22,937	-
Fringe Benefits	-	-	12,594	-
Supplies and Postage	-	-	1,817	-
Other Services	-	-	304	-
Professional Services	-	-	1,186	-
Education and Training	-	-	499	-
Mileage and Travel	-	-	491	-
Total	<u>82,421</u>	<u>82,421</u>	<u>79,210</u>	<u>3,211</u>
Board of Review:				
Salaries and Wages	-	-	1,260	-
Fringe Benefits	-	-	96	-
Supplies and Postage	-	-	15	-
Printing and Publishing	-	-	258	-
Total	<u>2,668</u>	<u>2,668</u>	<u>1,629</u>	<u>1,039</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blair Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2004

Schedule 1
Page 3

Expenditures (Continued)	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
General Government (Continued):				
Treasurer:				
Salaries and Wages	-	-	36,403	-
Salaries and Wages – Deputy	-	-	21,756	-
Fringe Benefits	-	-	10,998	-
Supplies and Postage	-	-	11,729	-
Other Services	-	-	879	-
Mileage and Travel	-	-	1,578	-
Printing and Publishing	-	-	58	-
Maintenance and Repairs	-	-	63	-
Education and Training	-	-	1,300	-
Total	93,705	93,705	84,764	8,941
Township Hall and Grounds:				
Salaries and Wages	-	-	12,035	-
Fringe Benefits	-	-	3,757	-
Supplies	-	-	2,674	-
Other Services	-	-	1,547	-
Telephone	-	-	2,679	-
Public Utilities	-	-	7,482	-
Maintenance and Repairs	-	-	3,904	-
Total	39,200	55,969	34,078	21,891
Cemetery:				
Salaries and Wages	-	-	2,721	-
Fringe Benefits	-	-	208	-
Supplies	-	-	2,851	-
Public Utilities	-	-	397	-
Maintenance and Repairs	-	-	2,057	-
Total	14,012	14,012	8,234	5,778
Total General Government	369,169	385,938	330,910	55,028
Public Safety:				
Planning and Zoning:				
Salaries and Wages	-	-	73,704	-
Fringe Benefits	-	-	13,104	-
Supplies and Postage	-	-	1,089	-
Outside Services	-	-	13,447	-
Mileage and Travel	-	-	2,000	-
Printing and Publishing	-	-	959	-
Education and Training	-	-	1,000	-
Total	110,857	110,857	105,303	5,554
Total Public Safety	110,857	110,857	105,303	5,554

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blair Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2004

Schedule 1
Page 4

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<u>Expenditures (Continued)</u>				
Public Works:				
Road Maintenance and Improvements	118,500	118,500	38,016	80,484
Street Lighting	<u>13,000</u>	<u>13,000</u>	<u>15,612</u>	<u>(2,612)</u>
Total Public Works	<u>131,500</u>	<u>131,500</u>	<u>53,628</u>	<u>77,872</u>
Recreation and Cultural:				
Parks and Recreation:				
Salaries and Wages	-	-	4,646	-
Fringe Benefits	-	-	355	-
Supplies	-	-	484	-
Maintenance and Repairs	<u>-</u>	<u>-</u>	<u>6,432</u>	<u>-</u>
Total	<u>12,635</u>	<u>12,635</u>	<u>11,917</u>	<u>718</u>
Total Recreation and Cultural	<u>12,635</u>	<u>12,635</u>	<u>11,917</u>	<u>718</u>
Capital Outlay	<u>58,700</u>	<u>58,700</u>	<u>9,047</u>	<u>49,653</u>
Contingency	<u>25,000</u>	<u>22,000</u>	<u>-</u>	<u>22,000</u>
Total Expenditures	<u>961,490</u>	<u>975,259</u>	<u>709,713</u>	<u>265,546</u>
<u>Excess Revenues (Expenditures)</u>	<u>(146,790)</u>	<u>(160,559)</u>	<u>83,711</u>	<u>244,270</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>-</u>	<u>(3,000)</u>	<u>(3,000)</u>	<u>-</u>
Total	<u>-</u>	<u>(3,000)</u>	<u>(3,000)</u>	<u>-</u>
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	(1) <u>\$ (146,790)</u>	<u>\$ (163,559)</u>	<u>80,711</u>	<u>\$ 244,270</u>
Fund Balance – Beginning of Year			<u>427,135</u>	
Fund Balance – End of Year			<u>\$ 507,846</u>	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blair Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Fire and Police Fund
For the Year Ended June 30, 2004

Schedule 2

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Taxes:			
Current Property Taxes	\$ 345,000	\$ 345,608	\$ 608
Charges for Services:			
Run Reports – Membership Incentive	-	1,665	1,665
Extrication Fees	6,000	3,500	(2,500)
Interest and Rents:			
Interest	300	797	497
Rents	4,000	4,000	-
Other:			
Donations and Reimbursements	400	3,955	3,555
Other	<u>1,500</u>	<u>-</u>	<u>(1,500)</u>
Total	<u>357,200</u>	<u>359,525</u>	<u>2,325</u>
<u>Expenditures</u>			
Salaries and Wages	-	80,402	-
Salaries and Wages - Contractual	-	59,426	-
Social Security and Medicare	-	6,151	-
Pension	-	7,072	-
Supplies and Postage	-	6,529	-
Contractual Services	-	154,320	-
Telephone	-	2,712	-
Community Promotion	-	944	-
Insurance	-	13,820	-
Public Utilities	-	5,445	-
Maintenance and Repairs – Vehicles	-	1,548	-
Maintenance and Repairs – Other	-	1,603	-
Awards	-	1,936	-
Capital Outlay	<u>-</u>	<u>2,666</u>	<u>-</u>
Total	<u>359,130</u>	<u>344,574</u>	<u>14,556</u>
<u>Excess Revenues (Expenditures)</u>	(1) <u>\$ (1,930)</u>	14,951	<u>\$ 16,881</u>
Fund Balance – Beginning of Year		<u>135,457</u>	
Fund Balance – End of Year		<u>\$ 150,408</u>	
(1) Budgeted from Fund Balance			

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blair Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Ambulance Fund
For the Year Ended June 30, 2004

Schedule 3

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Taxes:			
Current Property Taxes	\$ 196,000	\$ 206,691	\$ 10,691
Charges for Services:			
Ambulance Runs	225,000	256,073	31,073
Contracts	8,000	13,020	5,020
Interest and Rents:			
Interest	2,000	1,153	(847)
Other:			
Sale of Equipment	500	-	(500)
Refunds and Reimbursements	400	3,946	3,546
Donations and Memorials	300	1,057	757
Total	<u>432,200</u>	<u>481,940</u>	<u>49,740</u>
<u>Expenditures</u>			
Salaries and Wages	-	251,050	-
Social Security and Medicare	-	19,205	-
Pension	-	17,144	-
Supplies and Postage	-	4,262	-
Gasoline	-	6,408	-
Medical Supplies	-	16,003	-
Uniforms	-	3,040	-
Professional and Other Services	-	30,049	-
License Fees	-	200	-
Medical Services	-	21,027	-
Telephone	-	2,880	-
Mileage and Travel	-	82	-
Merit Awards	-	239	-
Maintenance and Repairs – Vehicles and Equipment	-	11,772	-
Community Promotion	-	948	-
Insurance	-	55,293	-
Utilities	-	5,515	-
Maintenance and Repairs – Building	-	1,737	-
Other	-	2,074	-
Purchases from Standby and Memorials	-	1,013	-
Education and Training	-	3,342	-
Capital Outlay	-	17,499	-
Debt Service	-	22,557	-
Total	<u>667,707</u>	<u>493,339</u>	<u>174,368</u>
<u>Excess Revenues (Expenditures)</u>	(1) <u>\$ (235,507)</u>	<u>(11,399)</u>	<u>\$ 224,108</u>
Fund Balance – Beginning of Year		<u>246,400</u>	
Fund Balance – End of Year		<u>\$ 235,001</u>	
(1) Budgeted from Fund Balance			

The Notes to the Basic Financial statements are an integral part of this statement.

Tobin & Co.

Blair Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Liquor Law Enforcement Fund
For the Year Ended June 30, 2004

Schedule 4

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>	<u>Original</u>	<u>Final</u>		
State Grants:				
License Refunds	\$ 2,500	\$ 2,500	\$ 2,439	\$ (61)
Total	<u>2,500</u>	<u>2,500</u>	<u>2,439</u>	<u>(61)</u>
<u>Expenditures</u>				
Salaries and Wages	-	-	4,852	-
Social Security and Medicare	-	-	371	-
Pension	-	-	486	-
Mileage and Travel	-	-	112	-
Total	<u>4,811</u>	<u>4,811</u>	<u>5,821</u>	<u>(1,010)</u>
<u>Excess Revenues (Expenditures)</u>	<u>(2,311)</u>	<u>(2,311)</u>	<u>(3,382)</u>	<u>(1,071)</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	-	3,000	3,000	-
Operating Transfers Out	-	-	-	-
Total	<u>-</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	<u>\$ (2,311)</u>	<u>\$ 689</u>	<u>(382)</u>	<u>\$ (1,071)</u>
Fund Balance – Beginning of Year			<u>1,308</u>	
Fund Balance – End of Year			<u>\$ 926</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blair Township
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2004

Schedule 5

		Trust and Agency Fund			
		Balance 6/30/03	Additions	Deductions	Balance 6/30/04
<u>Assets</u>					
Cash		\$ 7,251	\$ 32,046	\$ 34,001	\$ 5,296
Total Assets		<u>\$ 7,251</u>	<u>\$ 32,046</u>	<u>\$ 34,001</u>	<u>\$ 5,296</u>
<u>Liabilities</u>					
Undistributed Taxes and Interest		\$ -	\$ -	\$ -	\$ -
Escrow Deposits		<u>7,251</u>	<u>32,046</u>	<u>34,001</u>	<u>5,296</u>
Total Liabilities		<u>\$ 7,251</u>	<u>\$ 32,046</u>	<u>\$ 34,001</u>	<u>\$ 5,296</u>
		Current Tax Collection Fund			
		Balance 6/30/03	Additions	Deductions	Balance 6/30/04
<u>Assets</u>					
Cash		\$ 4,028	\$ 4,904,061	\$ 4,902,258	\$ 5,831
Total Assets		<u>\$ 4,028</u>	<u>\$ 4,904,061</u>	<u>\$ 4,902,258</u>	<u>\$ 5,831</u>
<u>Liabilities</u>					
Undistributed Taxes and Interest		\$ 4,028	\$ 4,904,061	\$ 4,902,258	\$ 5,831
Escrow Deposits		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities		<u>\$ 4,028</u>	<u>\$ 4,904,061</u>	<u>\$ 4,902,258</u>	<u>\$ 5,831</u>
		Total			
		Balance 6/30/03	Additions	Deductions	Balance 6/30/04
<u>Assets</u>					
Cash		\$ 11,279	\$ 4,936,107	\$ 4,936,259	\$ 11,127
Total Assets		<u>\$ 11,279</u>	<u>\$ 4,936,107</u>	<u>\$ 4,936,259</u>	<u>\$ 11,127</u>
<u>Liabilities</u>					
Undistributed Taxes and Interest		\$ 4,028	\$ 4,904,061	\$ 4,902,258	\$ 5,831
Escrow Deposits		<u>7,251</u>	<u>32,046</u>	<u>34,001</u>	<u>5,296</u>
Total Liabilities		<u>\$ 11,279</u>	<u>\$ 4,936,107</u>	<u>\$ 4,936,259</u>	<u>\$ 11,127</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Blair Township 2003 Property Tax Levy and Collections For the Year Ended June 30, 2004

Schedule 6

	<u>Millage Rate</u>	<u>Adjusted Levy</u>	<u>Collected</u>	<u>Returned Delinquent</u>
County	5.2112	\$ 780,927	\$ 694,100	\$ 86,827
Commission on Aging	0.2763	41,388	36,787	4,601
Medical Care Facility	0.6897	103,340	91,851	11,489
B.A.T.A.	0.3500	52,434	46,605	5,829
State Education	5.0000	749,287	698,357	50,930
School District:				
Traverse City	21.1000	1,465,377	1,356,420	108,957
Kingsley	22.6295	82,047	76,553	5,494
Intermediate School District	2.9929	448,495	417,584	30,911
Community College	3.0693	459,897	418,486	41,411
District Library	1.2290	184,142	163,670	20,472
Township:				
General	0.8843	132,517	117,784	14,733
Fire and Police	2.3062	345,608	306,769	38,839
Ambulance (Emergency) Service	1.3804	206,863	183,863	23,000
Other Taxes on Roll:				
State Commercial Forest		235	235	-
Special Assessments:				
Township – Water		106,051	55,621	50,430
Township – Roads		28,566	23,812	4,754
Township – Street Lights		12,052	9,694	2,358
Township Water Bills		<u>9,892</u>	<u>6,576</u>	<u>3,316</u>
Total		<u>\$ 5,209,118</u>	<u>\$ 4,704,767</u>	<u>\$ 504,351</u>
Percent of Levy Collected	90.32%			

The Notes to the Basic Financial Statements are an integral part of this statement.